ANNUAL REPORT 1964

IMPERIAL OIL LIMITED

RESULTS IN BRIEF

FINANCIAL	1964	1963
EARNINGS for the year	$ 79,072,000	$ 71,088,000
per share	*$2.50*	*$2.25*
as a percentage of revenues	*7.3*	*7.0*
as a percentage of capital employed at January 1	*9.0*	*8.4*
DIVIDENDS paid to shareholders	$ 55,382,000	$ 48,994,000
per share	*$1.75*	*$1.55*
as a percentage of earnings	*70*	*69*
SHAREHOLDERS' INVESTMENT at year end	$ 768,574,000	$ 742,578,000
per share	*$24.27*	*$23.49*
CAPITAL AND EXPLORATION EXPENDITURES	$ 99,879,000	$ 80,246,000
TOTAL ASSETS at year end	$1,020,693,000	$1,002,273,000

OPERATING	*Barrels per day*	*Barrels per day*
PETROLEUM AND CHEMICAL PRODUCT SALES	342,000	327,000
CRUDE OIL PROCESSED AT REFINERIES	314,000	319,000
CRUDE OIL AND NATURAL GAS LIQUIDS PRODUCTION		
Gross	131,000	126,000
Net	114,000	109,000
Percentage of actual to potential production	*41*	*44*
NATURAL GAS PRODUCTION	*M.C.F. per day*	*M.C.F. per day*
Gross	188,000	185,000
Net	160,000	159,000

FRONT COVER: An operator checks a setting on the control panel of a compressor station.

ANNUAL REPORT 1964

IMPERIAL OIL LIMITED

Incorporated 1880 Head Office: Toronto, Ontario

DIRECTORS		OFFICERS
J. A. Armstrong	*President*	W. O. Twaits
J. A. Cogan	*Vice-Presidents*	J. A. Cogan
D. H. Cooper		L. D. Fraser
L. D. Fraser		T. F. Moore
J. W. Hamilton		V. Taylor
A. C. Harrop	*General Secretary*	G. M. Henderson
T. F. Moore	*Comptroller*	G. R. McLellan
G. T. Piercy	*Treasurer*	D. W. McGibbon
R. S. Ritchie		
D. S. Simmons		
V. Taylor	*General Counsel*	J. F. Barrett, Q.C.
W. O. Twaits		

TRANSFER OFFICES

Imperial Oil Limited: Toronto, Ontario

Montreal Trust Company: Halifax, Nova Scotia; Montreal, Quebec; Toronto, Ontario; Winnipeg, Manitoba; Regina, Saskatchewan; Calgary, Alberta; Vancouver, British Columbia

Bankers Trust Company: New York, N.Y.

CONTENTS

Annual General Meeting of Shareholders
11:00 a.m., Friday, April 23, 1965
Canadian Room, Royal York Hotel, Toronto, Ontario

REPORT TO THE SHARE-HOLDERS

For the fiscal year ended December 31, 1964

THE YEAR 1964 was the most successful in Imperial Oil's history. Net earnings, which amounted to $79,072,000 and represented a return of nine per cent on capital employed, were a record for the company and $6,991,000 higher than in 1957, the previous peak year. Production of crude oil and natural gas liquids and of natural gas, and volumes of products sold, reached new highs. Sales and other operating revenues amounted to $1,064,744,000, an increase of $63,594,000 over 1963.

Dividends paid totalled $1.75 a share, compared with $1.55 a share in 1963. Total dividends paid in 1964 amounted to $55,382,000, or 70 per cent of earnings.

Capital and exploration expenditures totalled $99,879,000. This compares with the average for these expenditures over the past five years of $86,554,000.

The year was highlighted also by significant changes in the pattern of company operations and investments. The company's investment base, for example, was broadened significantly with the acquisition of the assets of Building Products Limited. Cost of the acquisition was $19,000,000. The new subsidiary will operate as a distinct corporate division of the Imperial organization under the name of Building Products of Canada Limited.

The acquisition of Building Products was based on studies of potential long term investment opportunities associated with Imperial's raw materials and technological knowledge. The investment is a logical extension of Imperial's petroleum and petrochemical operations. It should achieve a more efficient liaison between organic chemistry research, applied engineering and the customer's needs for building products.

Toward the close of the year Imperial also acquired Polybottle Ltd. from Celanese Corporation of America. The company manufactures plastic containers for motor oils and plastic bottles for household and industrial use.

DURING 1964 industry production of crude oil and natural gas liquids in Canada rose eight per cent to an average of 853,000 barrels daily. This was the level of production which, it was estimated, the industry would achieve under the National Oil Policy. Crude oil exports were 279,000 barrels per day. Natural gas sales increased 10 per cent to 2.5 billion cubic feet per day. Natural gas exports totalled 1.1 billion cubic feet per day.

The announcement in 1964 of a new crude oil prorationing formula by the Alberta Oil and Gas Conservation Board will have an important bearing on the pattern of oil exploration and production in Canada. In Imperial's opinion, two aspects of the new formula are particularly significant.

The first is the replacement of the old system of well prorationing with a new formula based primarily on reserves, which will start in 1965 but will not come into full effect until 1969. Under the old system most of the available market for crude oil was allocated to producers in proportion to the number and depth of their wells. In intent, all companies were guaranteed that all producing wells would be allowed a rate of production sufficient to repay costs and provide a return on investment. In 1964, about 80 per cent of Alberta production was allocated on the basis of this "economic allowance," as it was called.

Under the new system, first priority will be given to reserves. This will mean that, in the future, more than 90 per cent of production will be allocated on the basis of proven reserves. The remaining production will be allocated as a "floor allowance" to certain wells to prevent their premature abandonment. The acquisition of new reserves will, therefore, have a direct and proportionate effect on the amount of oil a company will be allowed to produce, and this will provide a greater incentive to conduct primary exploration which is essential to the continued progress of the oil and gas producing industry.

Preliminary studies indicate that, when the conversion to the new system is complete, Imperial will receive a greater share of market allocation.

The second significant aspect of the new formula is the early conversion to a more flexible policy regarding the spacing of producing wells. This policy, which will come into

effect in May 1965, will lower both development and operating costs, thus helping the industry in its competition with other energy sources.

Imperial's expenditures for oil and gas exploration totalled $28,271,000 during 1964. Land holdings for exploration purposes increased substantially; the main additions were in the Northwest and Yukon Territories where permits totalling more than 10,000,000 acres were acquired. The discovery by the company of a major oil field in the Sylvia-Hondo area near Lesser Slave Lake in Alberta added significantly to Imperial's total reserves of crude oil and natural gas liquids, which at year end would appear to be in excess of 1.4 billion barrels. (These are reserves which can reasonably be considered as proved. The estimate is based on present knowledge of the size and character of the producing reservoirs.) The exploration program also added to reserves by indicating extensions to existing oil and gas fields.

The company's capital expenditures for acquiring proven acreage, for drilling and equipping oil and gas wells, and for secondary recovery projects, totalled $30,446,000. This included the acquisition of the oil and gas producing properties of J. Ray McDermott and Co. Inc., of Houston, Texas in eight oil and gas fields in Alberta. The McDermott properties, which are almost completely developed, augment the company's overall production by almost 700 barrels of crude oil per day and 1.7 million cubic feet of gas per day.

Capital expenditures for manufacturing operations totalled $5,400,000 during 1964. Refinery runs averaged 314,000 barrels a day, a slight decrease from the previous year. The reduction was due to the timing of refinery turnarounds, the effect of the mild winter in eastern Canada in early 1964, and changes in processing arrangements.

The Annual Report for 1963 mentioned that the major program of refinery expansion and modernization which Imperial undertook following the war was completed in the late 1950's, and that since that time refinery capital expenditures have been relatively modest and have been devoted primarily to facilities which increase efficiency and improve product quality. Associated with many of these projects are opportunities to expand refinery capacity at relatively low cost. By utilizing these opportunities and others gained through growing technological competence, since 1958 the capacity of Imperial refineries has been increased 40,000 barrels a day at a cost of about $4,000,000. To build a new refinery with this capacity would cost in the neighborhood of $40,000,000.

Manufacturing operations in 1964 included the construction of a treating plant at Sarnia refinery, and of a naphtha specialties plant at the Ioco refinery. The treating plant uses amine to extract hydrogen sulphide from certain refinery gas streams and is a further feed source for a sulphur recovery unit built during 1964 for the company's petrochemical operations. The new Ioco unit will supply the company's Pacific region requirements of certain specialty naphthas.

Total capital expenditures for marketing operations during the year were $15,500,000.

To the general public, the changes which highlighted Imperial's operations during 1964 are most apparent in the retail marketing phase.

For several years the company has been conducting studies of the changing retail market in Canada with a view to obtaining the best balance between return on investment and market position. An example of new patterns of retail marketing which have resulted is the development which has taken place in the Ottawa-Hull area. Starting in 1963 and continuing during 1964, and reflecting changing population and traffic patterns and changing customer purchasing habits, some outlets were closed, new stations were built, and others were modernized and expanded. Several of the new stations include sales facilities for a broad range of merchandise associated with motoring, the home and recreation.

Other programs are being developed in other large retail markets. In Windsor and Toronto, for example, the company introduced Automotive Service Centres. Both carry wide lines of merchandise, and both are equipped with general service facilities which, in the case of the Toronto centre, features an automotive diagnostic clinic. Complete with a dynamometer, which simulates road and driving conditions, the clinic is the first of its kind in Canada. The Toronto centre also includes a restaurant.

The appearance of Imperial stations also received particular attention. In addition to modernizing existing stations, and developing new styles in service station architecture, the company introduced a long term program to improve station appearance through a new color scheme and integrated designs of pumps, canopies and signs.

New products made their appearance during the year. These include a new line of motor oils, which provide the higher quality, long-life oils for today's automobiles, and a new line of additives which increase the effectiveness of lubricants and so contribute to increased engine and transmission efficiency. In the farm market, Imperial agents in Manitoba, Saskatchewan and Alberta began selling ENGRO fertilizer. The fertilizer market has grown rapidly in the past few years, and has been aided by provincial government education programs and the improvement of wheat marketing.

During the year changes were made in the packaging and marketing of a number of familiar products for the home. Varsol, Iosol, Parowax, and Esso Handy Oil are now being sold through major food and hardware chains. A kit for home fashioning of candles was introduced for sale through department and specialty stores.

In the industrial and commercial field, the company continued to work closely with customers to meet special requirements. The success of the company's efforts in this regard is exemplified by the fact that a large percentage of automobiles manufactured in Canada are filled at the factory with Esso oils.

Competition in all markets remained severe during 1964.

Several major companies began marketing in areas where they had not been represented before. Prices in the retail gasoline market, which had strengthened during the latter months of 1963, remained relatively stable during the first half of 1964 but declined again in the second half in several major metropolitan markets. Price deterioration was especially severe in the Toronto market, reflecting the importation into this area of cheap, distress gasoline from Europe. The high level of federal sales and provincial road taxes, which range in total from 14 to 21 cents a gallon, tends to obscure the fact that oil companies have been getting very low prices for their products in price war areas. These abnormally low prices appear to benefit the customer. This is, however, a short term view. If the customer is to continue to have the benefit of high quality products and service, prices must be high enough to give the petroleum manufacturer a return that will permit him to continue to provide the refining and distribution facilities necessary to maintain high quality standards.

During the year Imperial presented two submissions to the Royal Commission which is investigating the gasoline price structure in British Columbia. The company's submissions demonstrated that the oil industry is competitive, Imperial prices have been and are now determined by competition, and the price of gasoline is fair. In support, the Stanford Research Institute also presented a comprehensive study, commissioned by Imperial, of the gasoline market in British Columbia. At year end the company was assembling information to reply to a detailed questionnaire submitted by the Commission. These investigations are extremely costly and it would seem that in the free enterprise system which exists in Canada authorities could establish the validity of market competition at considerably less expense to the companies and to the public.

THE COMPANY'S PETROCHEMICAL OPERATIONS continued to grow in 1964. Two new plants were built at Sarnia, construction started on a third unit, and decisions were made to build two more plants. Expenditures for the new units will total some $10,000,000, bringing the company's petrochemical investment to $57,000,000.

One of the plants built during 1964 is a sulphur recovery unit which converts hydrogen sulphide extracted from refinery gas streams into sulphur. The other, an addition to the aromatics complex, produces xylene, a solvent used in paints and other protective coatings.

Construction of a mercaptans plant, the first of its kind in Canada, began last fall. Mercaptans are organic compounds with widely varying uses. Some have a distinctive odor which makes them useful to distributors of natural gas, permitting the detection of leaks. Other mercaptans are used in the production of synthetic rubber.

Canada's first acrylonitrile plant will be built for Imperial and go on stream during 1965. Acrylonitrile is another versatile petrochemical used in the production of synthetic rubber, man-made fibres and plastics.

Construction of a new polyvinyl resin plant at Sarnia will also begin early in 1965. It will have a capacity of 45 million pounds per year. Three other vinyl plants are now in operation in Canada and the new Imperial unit will make Canada essentially self-sufficient in the supply of vinyl resins. These petrochemicals find a wide range of use in such things as garden hose and piping, floor tiles and wall covering, wall panels and other building material.

Imperial's revenues from chemical products sales increased 15 per cent over 1963, compared with a growth in the value of petrochemical industry sales of about nine per cent. The petrochemical segment of the company's business has become a significant factor in Imperial's overall sales.

RESEARCH AND DEVELOPMENT continued at a high level. This program, the largest conducted by any oil company in Canada, is carried out in laboratories at Sarnia and Calgary, and in the engineering division at Sarnia.

A unique recycling project was developed for the Golden Spike field by the Calgary laboratories. It is expected that this project will result in the recovery of 95 per cent of the oil in place in the Golden Spike D-3 reservoir. This is nearly twice the recovery level anticipated for other oil fields in western Canada, and is made possible by the unusual characteristics of the Golden Spike reservoir. The recycling project will go into operation in the spring of 1965.

The research and development program which Imperial has been undertaking in the Athabasca oil sands area in association with other companies, continued during 1964. The participants in the mining venture have formed a new operating company, Syncrude Canada Ltd., in which Imperial has a 30 per cent interest.

During the year the first two commercial installations of a new catalytic treating process, developed by Imperial research, went on stream in Calgary refinery. The new process provides a means of improving the quality of gasolines and fuel oils at low investment and operating costs.

The specialty mercaptans plant, now under construction, also utilizes a process developed by the Imperial research laboratories.

A number of new products were developed. These include new motor oils, improved heavy duty and diesel engine oils, new greases for use in severe winter conditions, and special waxes for waterproofing building boards.

Work began in 1964 to provide the necessary research support for the polyvinyl resin and acrylonitrile plants which were announced during the year.

As reported last year, Imperial is engaging in a research project on a new process for the reduction of iron ore. Construction of a large pilot plant at Dartmouth, N.S., was begun in 1964. It is expected this research plant will start operation in the spring of 1965. This venture is especially significant in view of Canada's position as the world's largest exporter of iron ore, and the growing need for specialized feeds for iron and steel-making operations.

As indicated earlier, the pattern of Imperial's operations and investments has been changing with changing conditions. The company's financial situation, and its physical facilities, place it in a sound position to meet technological and economic developments. Its basic strength, however, lies in the knowledge, skills and attitudes of its employees. These are of a high order, and a vigorous program of employee development is carried on to maintain this standard.

Recruiting and selection, designed to fill the company's continuing requirements for clerical, operating, technical and professional skills, is a fundamental of its employee development program. Reflecting the rapidly growing complexity of the technical and economic aspects of the oil business, Imperial has placed increasing emphasis on its graduate recruitment activities. During 1964 company personnel visited 39 universities across Canada to interview graduate and undergraduate students. As a result of this continuing program, more than 130 university graduates joined the company during the year.

The company has also been placing increased emphasis on training, reflecting the need for greater operational and clerical skills as well as higher managerial and professional standards. Some 600 employees attended specialized company training courses during 1964. Some of these are designed to help employees to relate their university training to the company's requirements in their fields of activity, some to retrain and upgrade the skills of operating and clerical personnel, others to improve the administrative techniques of management groups by participation in interdepartment and corporate familiarization courses and through management training courses at Canadian and U.S. universities.

Since the basis of employee development is self-development, it is gratifying to note that more than 600 employees availed themselves of outside courses under the company's educational refund plan.

For the past four years Canada has enjoyed a period of strong business expansion, culminating in an increase of eight per cent in gross national product and an increase of nine per cent in industrial production during 1964. For 1965 some slowing of the growth rate is anticipated. This should lead to less pressure on costs and to a slightly lower rate of inflation than that of 1964. However, if inflationary increases are to remain at a low level, fiscal policy and wage demands must be such that undue pressures are not exerted on the cost element of vulnerable sections of the economy.

For the oil industry, presuming normal heating requirements, the outlook is for a moderately higher growth in product sales in 1965, possibly five per cent as compared to four per cent in 1964. Production of crude oil and natural gas liquids should at least keep pace with the rate of growth in product sales.

Any assessment of the outlook for the Canadian oil industry must recognize that factors beyond the control of the industry will have a definite bearing on its performance. Government attitudes and actions that impinge on the industry are particularly significant.

A case in point is the National Oil Policy. The Canadian oil industry has done an outstanding job in meeting the objectives suggested by this policy. Export markets have been developed and the flow of Canadian crude to these markets has increased steadily. Every effort has been made to utilize Canadian crude oil in all areas of Canada west of the Ottawa Valley. To achieve this domestic utilization, Ontario refineries have been expanded, new refineries have been built in the province, and the Trans-Northern pipe line, which formerly carried products from Montreal to the Toronto area, has been partially reversed. Canadian crude production has risen 57 per cent since the policy was put into effect. All this has been achieved by the industry on a voluntary basis.

Depending as it does on voluntary participation, the success of the National Oil Policy is vulnerable to importation of offshore products into the Ontario market. The announcement at year end of an order-in-council which would deter dumping of gasoline was, therefore, significant. Continuation of these imports would, by disrupting markets, endanger the welfare of thousands of Ontario service station dealers and refinery workers.

Of concern also to the industry is government policy toward subsidization of energy sources that compete with petroleum. The relative amounts of crude oil and natural gas that will be used in the future will depend on how competitive these energy sources are with other energy sources such as atomic power and coal. Continued technological progress, in all phases, is helping to keep the oil industry competitive. However, government subsidies of other energy sources, and discriminatory taxation, is placing petroleum at an increasing competitive disadvantage.

In this regard, it should be noted also that subsidized energy sources make little if any contribution to national and provincial revenues. In comparison, the oil industry is a very large source of revenue for public treasuries. In 1964 Imperial Oil, for example, paid more than $28,000,000 to governments for royalties, permits, reservations and leases. Taxes paid by the company totalled $86,684,000, and it collected another $164,643,000 in road and other taxes for provincial and federal governments.

Imperial's progress during 1964 was made possible by the loyalty and the high standards of performance of the company's 23,323 employees, dealers, agents and distributors throughout the country. Their support, and the support of the company's 40,924 shareholders, is sincerely appreciated by your directors.

W. O. TWAITS, *President*

1964– A PICTORIAL REVIEW

EXPLORATION AND PRODUCTION

The company's exploration program resulted in the discovery of a major oil field in Alberta, and in significant extensions to existing oil and gas fields. Production of crude oil and natural gas liquids, and of natural gas, increased again.

	1964	1963
Net production, crude oil and natural gas liquids barrels per day	114,000	109,000
Net production, natural gas, M.C.F. per day	160,000	159,000
Gross land holdings (reservations, permits, options, leases) millions of acres	32.2	22.0
Exploratory wells drilled, including partnership ventures	119	104
Net development wells drilled	116	137
Net wells capable of production		
crude oil	2,830	2,764
natural gas	201	196

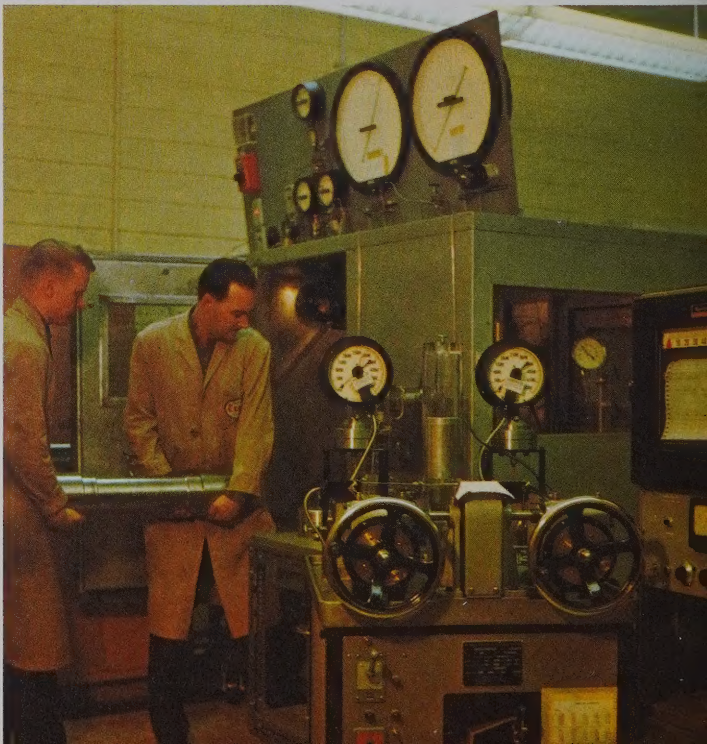
This Imperial geologist is one of a team that explored the Richardson Mountain area near the Arctic Ocean during 1964.

A base camp was established on the Mackenzie River for exploration drilling activities in the Territories. Barges moved supplies to the camp during the summer months.

A development well is drilled in the Sylvia field in the Lesser Slave Lake area of Alberta. Discovered by Imperial during 1964, Sylvia is a major oil field.

A seismic party conducts a survey in the Mackenzie Delta area of the Northwest Territories. In much of this area seismic work must be conducted during the winter when the muskeg freezes.

Secondary recovery projects that increase recoverable reserves were instituted in several fields. This is the compressor station for the waterflood operation at the Becher field in southwestern Ontario.



Members of the producing department's research laboratories in Calgary prepare to test a core from the Golden Spike D-3 reservoir. A recycling project developed by these laboratories will be put into effect at Golden Spike. It is anticipated that this unique project will effect the unusually high recovery of 95 per cent of the oil in place in the reservoir.

TRANSPORTATION AND SUPPLY

During 1964 volumes of crude oil and products moved by company facilities, and by facilities in which the company has an investment interest, increased again. As indicated in the chart below, under the prorationing system Imperial continued to purchase large quantities of crude oil from other Canadian producers.

		Barrels per day, Crude Oil and Natural Gas Liquids 1964
Imperial requirements:		
for Imperial refineries served by Canadian crude oil		193,000
for export customers		77,000
Total		270,000
Imperial wells could produce efficiently	280,000	
Actual net production, Imperial wells		114,000
Imperial purchased from other Canadian oil producers		156,000

Members of Imperial's marine division examine plans for a new tanker. Construction of this vessel, which will operate on the east coast, will be completed during 1965.

Construction of a pipe line which will transport crude oil from Lesser Slave Lake to the Edmonton area was started in the fall of 1964. A joint project of Imperial and two other oil companies, the line will be operated by Imperial.

A new tanker hull design, developed by Imperial, undergoes model tests at the National Research Council's facilities in Ottawa.

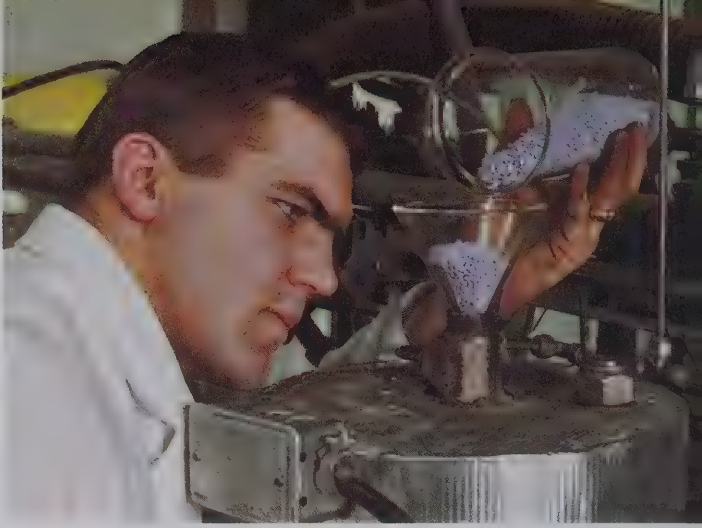
Jumbo tank cars, which carry nearly twice the volume of ordinary tank cars, went into service for Imperial during 1964.

MANUFACTURING

Capital expenditures for new units and for projects which increased refinery operating efficiency, improved product quality and enlarged plant capacity, totalled $5,400,000.

Construction of a naphtha specialties plant at the Ioco, B.C. refinery was completed. The new unit will supply the company's Pacific region requirements of some specialty naphthas.

A treating plant which extracts hydrogen sulphide from refinery gas streams was built at Sarnia refinery during 1964.



A technician prepares to test a sample of an experimental catalyst in the pilot plant area of the company's research laboratories at Sarnia. A new catalytic treating process, developed by the research department, was put into commercial operation at Calgary refinery during 1964. The new process improves gasoline and fuel oil quality at low investment and operating cost.

Research into the reduction of iron ore will be carried out in a pilot plant which is being built at the company's refinery at Dartmouth, N.S.

Engineers at Imperial's Sarnia refinery plan a "turnaround". Under this procedure, which is necessary for good performance and continuous processing, units are taken apart periodically for inspection and overhaul.

Refinery capacity was increased again during the year. Montreal East refinery, shown here, has a capacity of 86,000 barrels a day.

MARKETING

The pattern of the company's marketing operations continued to change during 1964 to meet the needs of the changing retail market.

First of its kind in Canada, this dynamometer, which simulates road and driving conditions, is a feature of the automotive service centre in Toronto which was opened during 1964.

Symbolic of new types of service stations being developed by the company is this automotive service centre in Toronto. It carries a wide line of merchandise and includes a restaurant and automotive diagnostic clinic.

The company's agents in Saskatchewan, Manitoba and Alberta started marketing ENGRO fertilizer.

Changes in the packaging and marketing of a number of familiar products for the home were made during 1964. These products are now being sold through major food and hardware chains.

A candle kit for home fashioning of candles was sold through department and specialty stores.

New lines of motor oils and additives were introduced.

New service station color schemes and designs made their appearance during 1964 as part of a long term program to improve station appearance.

CHEMICAL PRODUCTS

Imperial's chemical products sales increased significantly in 1964. Two new plants were built, construction of a third was started, and decisions were made to build two more units during 1965. These five new units will bring the company's petrochemical investment to $57,000,000.

A xylene manufacturing unit was added to the aromatics plant at Sarnia. Xylene is a solvent used in paints and other protective coatings.

Members of Imperial's engineering division discuss plans for a new acrylonitrile plant which will be built and go on stream in 1965. The company also announced that it would start to build a polyvinyl resin plant at Sarnia during 1965.

These bottles, formed from linear polyethylene by Polybottle Limited, will be used to package a household detergent. Polybottle, which was acquired by Imperial during 1964, is located in Toronto and employs 110 persons. It manufactures plastic containers for motor oils and plastic bottles for household and industrial use.

A truck unit loads sulphur from the new sulphur recovery plant built during 1964 at Imperial's petrochemical complex at Sarnia.

BUILDING PRODUCTS

A significant development in 1964 was the acquisition of Building Products Ltd. The new subsidiary, which employs 1,600 and has plants in Quebec, Ontario, Manitoba and Alberta, manufactures a wide line of building and other materials and markets them across Canada.

Blue linear polyethylene, which finds wide use in sports equipment such as helmets and shoulder pads, is examined as it leaves the calender rolls of Building Products' Micro Plastics division at Acton, Ont.

Vinyl asbestos tile is produced in this machine in the floor tile plant of Building Products of Canada Ltd. at Hamilton, Ont.

Destined for use as lighting panels in the cars of the Montreal subway, acrylic plastic is inspected at Building Products' Acton plant.

Lids for disposable coffee cups will be made from these rolls of high impact polystyrene.

Heavy felt for roofing material moves along the processing line at the Montreal plant.

FINANCIAL REVIEW

The consolidated financial statements include the results of operations for 1964 and the financial position of Imperial Oil Limited and its subsidiaries, all of which are wholly-owned. Effective June 1, 1964, the assets and undertaking of Building Products Limited were acquired by Building Products of Canada Limited, an Imperial subsidiary. Accordingly, the consolidated financial statements and this financial review include the results of operations of this new activity for the part of the year commencing June 1, 1964.

Earnings

The company's net earnings for 1964 were $79,072,000, an increase of $7,984,000 or 11 per cent over 1963. This represents a new earnings record for the company, substantially above the previous high of $72,081,000 in 1957. The trend in earnings is shown in Chart 1.

Capital Employed

At the end of 1964 capital employed by the company was $904,418,000; this compares with $448,003,000 at December 31, 1951 as shown in Chart 1. This chart also illustrates that the return on capital employed has improved from a low of 6.7 per cent in 1958 to nine per cent in 1964.

Dividends Paid to Shareholders

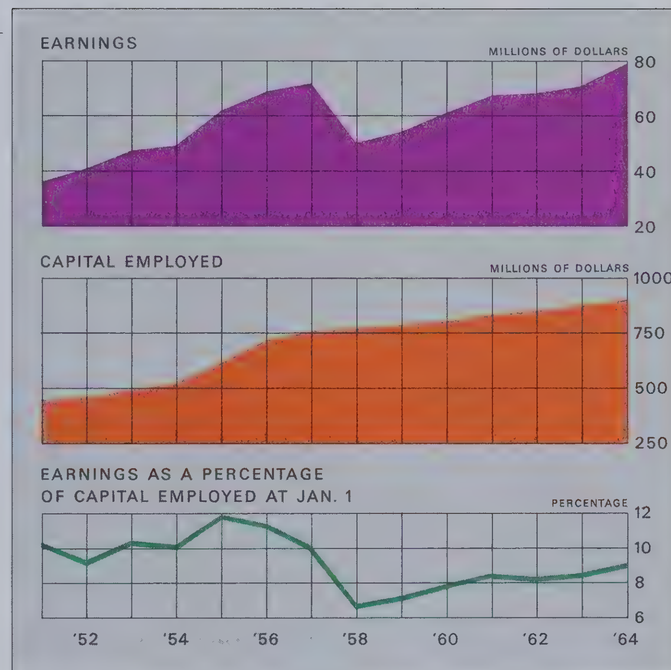
In 1964 the company paid dividends of $1.75 per share, compared with $1.55 per share in 1963. In the first two quarters regular dividends of 35 cents per share were paid; this rate was increased to 40 cents per share in the third and fourth quarters. An extra dividend of 25 cents per share was paid in December. Dividends in 1964 equalled 70% of earnings and amounted to $55,382,000, compared with $48,994,000 in 1963. Chart 2 compares the trend of earnings and dividends per share.

Revenues and Expenses

The results of the past two years are compared in the following table:

	1964	1963
Revenues		
Sales and other operating .	$1,064,744,000	$1,001,150,000
Investment and other . .	16,290,000	14,084,000
	$1,081,034,000	$1,015,234,000
Expenses, other than depreciation and income taxes . .	916,126,000	857,052,000
Provision for:		
Depreciation	48,857,000	47,064,000
Income taxes	36,979,000	40,030,000
Earnings for the year . . .	$ 79,072,000	$ 71,088,000

1



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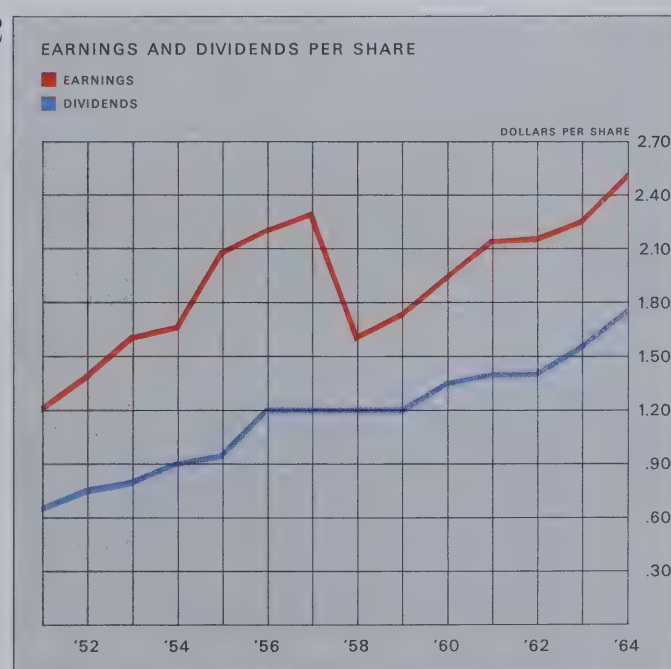

Sales and Other Operating Revenues increased to a record level of $1,064,744,000. Petroleum and chemical product sales volumes, shown in Chart 3, reached new highs in all main categories of products with the total exceeding 342,000 barrels per day. Prices for petroleum products were lower on average than in 1963. Sales revenue from chemical products increased 15 per cent over 1963.

Investment and Other Income totalled $16,290,000 in 1964, an increase of $2,206,000. These revenues mainly represent dividends on shares held in other companies and interest income from other investments. The major investments in other companies consist of a 33 per cent share interest in Interprovincial Pipe Line Company and an 8.6 per cent interest in the shares of Trans Mountain Oil Pipe Line Company.

Expenses, including crude oil and other material costs, reflect the higher level of operations and expanded activities in 1964. Imperial's requirements for crude oil and source of supply are summarized in Charts 4 and 5. The latter chart illustrates that, under prorationing, Imperial purchased 58 per cent, or 156,000 barrels per day, of its Canadian crude oil requirements from other Canadian producers. Employees' wages and benefits totalled $103,556,000 for the year, an increase of $8,495,000 from 1963; the average compensation per employee continued the upward trend of recent years, (Chart 6).

Depreciation and Amortization Provisions charged against 1964 earnings totalled $48,857,000. Depreciation of capital costs of plant and equipment is based on the estimated service lives of the assets, calculated on the straight line percentage method. Amortization of producing lease and well costs is based on the unit of production method.

Taxes associated with company operations are shown in the following table and in Chart 7.

	1964	1963
Property and capital taxes	$ 13,648,000	$ 12,277,000
Federal sales tax	36,057,000	27,086,000
Income taxes	36,979,000	40,030,000
Total charged against earnings	86,684,000	79,393,000
Road taxes, etc. collected on behalf of governments	164,643,000	148,093,000
Total	$251,327,000	$227,486,000

Road and other taxes levied directly against consumers by governments and collected for them by the company increased $16,550,000 to $164,643,000. Road taxes now range

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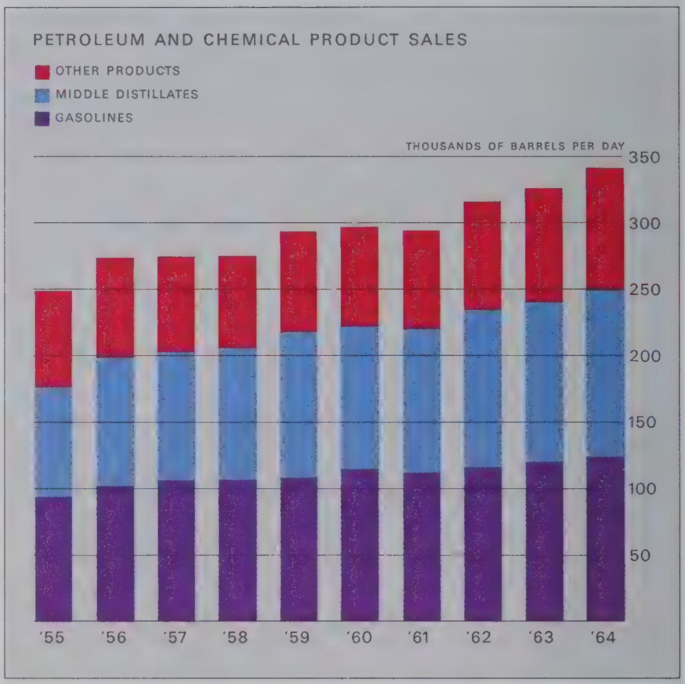

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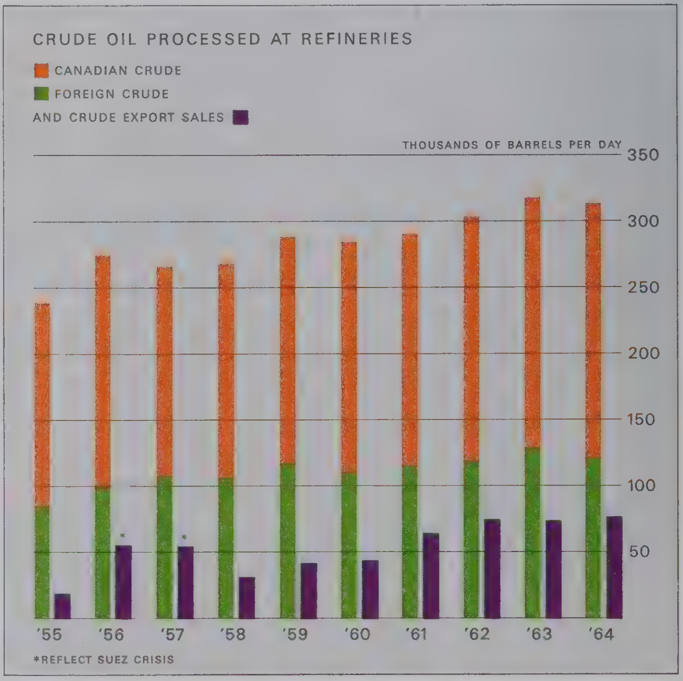

from 12 to 19 cents per gallon for gasoline, and from 14 to 27 cents per gallon for diesel fuel.

Assets and Liabilities

Total Assets of the company increased $18,420,000 during the year and totalled $1,020,693,000 at December 31, 1964 (Chart 8).

Working Capital at the end of each of the years 1964 and 1963 is compared below:

	1964	1963
Cash, including time deposits	$ 24,926,000	$ 28,511,000
Marketable securities	27,729,000	54,044,000
Accounts receivable	179,167,000	160,922,000
Prepaid taxes, insurance and rentals	1,896,000	1,895,000
Inventories:		
Crude oil, products and other merchandise	136,635,000	134,995,000
Materials and supplies	10,019,000	8,495,000
Current assets	380,372,000	388,862,000
Less: Current liabilities	116,275,000	125,093,000
Working Capital	$264,097,000	$263,769,000
Ratio, current assets to current liabilities	3.3 to 1	3.1 to 1

Cash and marketable securities totalled $52,655,000 at year end 1964. It is the company's practice to invest those funds not immediately required in its operations in government bonds and short term commercial notes.

Current accounts receivable were $179,167,000, an increase of $18,245,000 over 1963. The increase reflects higher volumes of business and expanded operations. Provisions have been made for accounts considered doubtful of collection.

Inventories of crude oil, products and other merchandise were slightly higher than at the previous year end and totalled $136,635,000 by the FIFO (first-in first-out of inventory) method of costing. The materials and supplies inventory was $10,019,000, an increase of $1,524,000 over year end 1963.

Current liabilities at $116,275,000 decreased $8,818,000 from the previous year end.

Long-Term Accounts Receivable totalling $39,965,000, an increase of $3,962,000 during 1964, include loans to dealers and the financing of furnace and burner sales undertaken in the normal course of marketing operations.

Property, Plant and Equipment at original cost amounted to $1,075,101,000 at December 31, 1964; the balance remaining after deducting accumulated depreciation and amortization provisions was $562,693,000.

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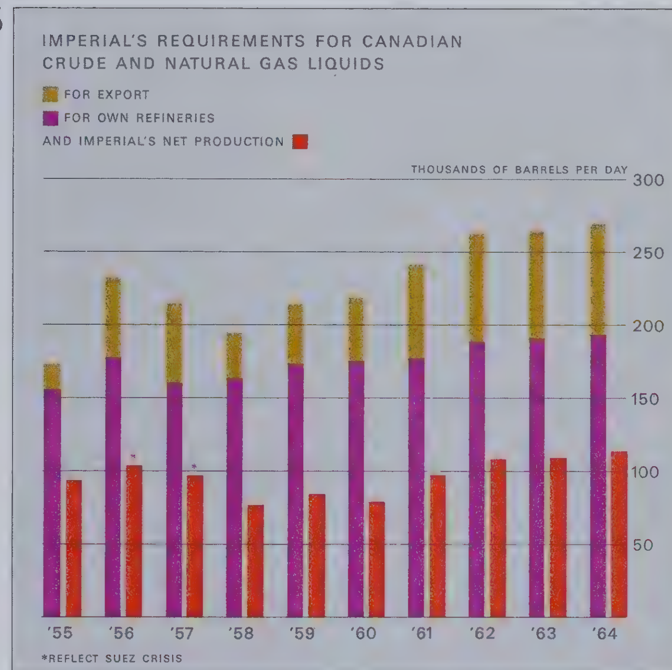

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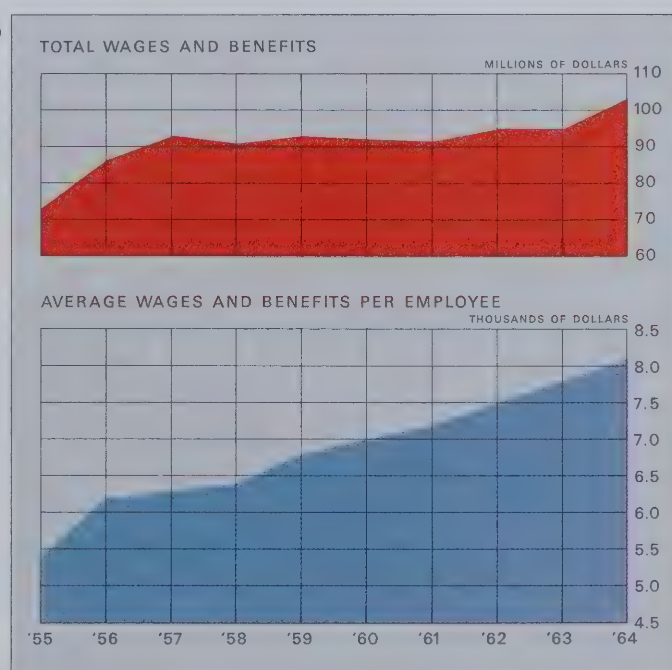

The following table provides a breakdown of the company's investment in property, plant and equipment, as well as 1964 additions.

	Gross Investment	Net Investment	1964 Additions
Producing	$ 349,903,000	$203,569,000	$32,884,000
Manufacturing, including chemical products	364,505,000	138,481,000	7,642,000
Marketing	276,660,000	164,417,000	15,526,000
Transportation	44,090,000	24,260,000	530,000
Other	39,943,000	31,966,000	15,026,000
Total	$1,075,101,000	$562,693,000	$71,608,000

Capital and exploration expenditures, including acquisition of the fixed assets of Building Products Ltd., totalled $99,879,000 in 1964, an increase of $19,633,000 over the previous year (Chart 9). Of the total expenditures, $71,608,000 covers all capital additions and includes expenditures on purchases of proven acreage and drilling of productive wells. The balance, $28,271,000, represents expenditures on acquisition and retention of exploration acreage, geological and geophysical investigations and surveys, unsuccessful drilling and other exploration costs. It is the policy of the company to treat such annual costs as charges against current earnings.

Long-Term Debt at the end of 1964, consisting of Sinking Fund and Serial Debentures, totalled $64,100,000 (maturing later than one year). During 1964 the company reduced its long-term debt by $5,300,000; of this amount $3,800,000 was purchased and retired before maturity date. Details of long-term debt outstanding appear in the Notes to the Financial Statements.

Employees' Annuities

The company's two main plans jointly provide life annuities to employees upon retirement. One plan is an insured group annuity contract with current purchase costs shared by the company and the employees. The other plan is administered by a Board of Trustees with the company bearing the total costs. The company makes regular payments to the Trustees in respect of both current and past years' service. At December 31, 1964 the Trustees held investments of $100,711,000 at cost; in addition, a liability of $9,904,000 for employees' annuities has been provided in the company's accounts.

At year end 2,415 retired employees were drawing life annuities under these company plans.

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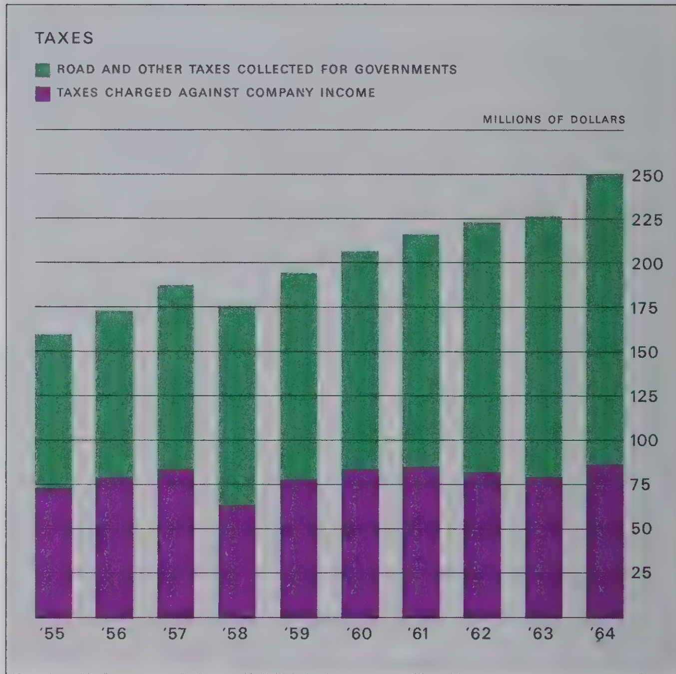

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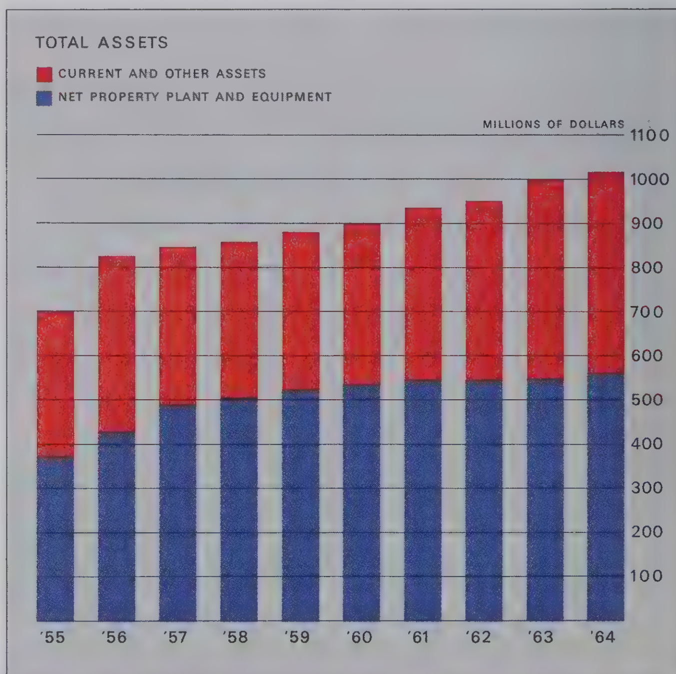

Deferred Income Taxes

The Company's income tax accounting policy is described in the Notes to the Financial Statements. Following this policy amounts of income tax totalling $58,839,000 have been deferred up to the end of 1964.

Shareholders' Investment

Shareholders' investment increased $25,996,000 during the year and totalled $768,574,000 at December 31, 1964. It consisted of $238,501,000 for outstanding capital stock, $67,223,000 for capital surplus, and $462,850,000 for earnings retained and used in the business. The total amounts to $24.27 per share. The increase comprised $23,690,000 from earnings retained and used in the business, and $2,306,000 from the issue of 57,660 shares to employees who exercised options under the company's Incentive Stock Option Plan.

Cash Flow

The following table shows the source and use of funds available to the company in 1964 compared with 1963 amounts:

	1964	1963
INFLOW OF FUNDS		
Total revenues	$1,081,034,000	$1,015,234,000
Less: Expenses other than depreciation	916,126,000	857,052,000
Income taxes	36,979,000	40,030,000
Net cash flow from operations	127,929,000	118,152,000
Other sources of funds:		
Capital stock issued	2,306,000	154,000
Sales of capital assets	5,148,000	12,583,000
Deferred income taxes	6,734,000	
Total	$ 142,117,000	$ 130,889,000
OUTFLOW OF FUNDS		
Capital expenditures for property, plant and equipment	$ 71,608,000	$ 52,515,000
Dividends paid to shareholders	55,382,000	48,994,000
Reduction in long-term debt	5,300,000	3,600,000
Withdrawal of deferred income taxes		325,000
Long-term receivables	3,962,000	1,778,000
Investments, deposits and other	5,537,000	8,348,000
Total	$ 141,789,000	$ 115,560,000
ADDITION TO WORKING CAPITAL	$ 328,000	$ 15,329,000

Chart 10 shows the major elements in the flow of funds each year for the past ten years. In the past five years net cash flow from operations has exceeded requirements for capital expenditures and dividends.

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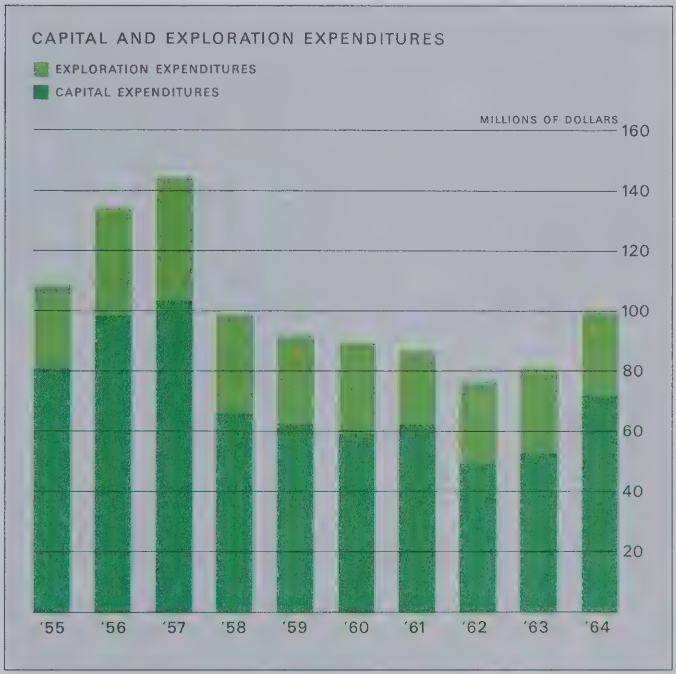

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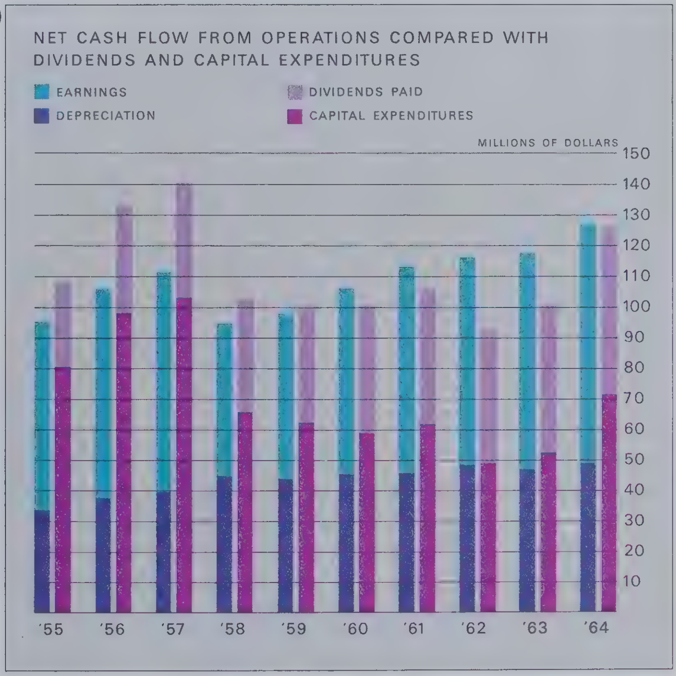


Imperial Oil Limited and Subsidiary Companies

CONSOLIDATED BALANCE SHEET at December 31, 1964 and 1963

ASSETS	1964	1963
CURRENT ASSETS		
Cash, including time deposits	$ 24,925,666	$ 28,511,250
Short-term commercial notes	10,333,810	22,933,408
Government securities, at the lower of cost or market	17,395,505	31,110,419
Accounts receivable	179,166,805	160,922,014
Prepaid taxes, insurance and rentals	1,895,585	1,895,183
Inventories, on basis of cost which was less than market		
Crude oil, products and merchandise	136,635,090	134,994,557
Materials and supplies	10,019,220	8,495,024
	380,371,681	388,861,855
LONG-TERM ACCOUNTS RECEIVABLE	39,964,652	36,002,445
INVESTMENT IN OTHER COMPANIES, at cost		
With quoted market value 1964—$173,257,490 1963—$145,680,630	16,012,150	16,012,150
Without quoted market value	5,936,212	5,660,815
FUNDS ON DEPOSIT WITH GOVERNMENTS AND OTHERS	13,189,507	7,700,879
PROPERTY, PLANT AND EQUIPMENT, at cost	1,075,100,698	1,023,296,113
Less—accumulated depreciation and amortization	512,407,514	478,206,519
	562,693,184	545,089,594
DEFERRED CHARGES	2,525,485	2,945,503
	$1,020,692,871	$1,002,273,241

Approved on behalf of the board

The Notes to the Financial Statements on page 29 are an integral part of this statement.

LIABILITIES

	1964	1963
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 99,930,481	$ 101,825,937
Income and other taxes payable	14,844,664	21,766,706
Long-term debt due within one year	1,500,000	1,500,000
	116,275,145	125,092,643
LONG-TERM DEBT	64,100,000	69,400,000
EMPLOYEE ANNUITY AND CONTINGENT OBLIGATIONS	12,904,338	13,097,034
DEFERRED INCOME TAXES	[illegible]	52,105,785

SHAREHOLDERS' INVESTMENT

	1964	1963
CAPITAL STOCK		
Authorized—40,000,000 shares of no par value Issued 1964—31,668,523 shares 1963—31,610,863 shares	238,501,512	236,195,112
CAPITAL SURPLUS	[illegible]	67,222,821
EARNINGS RETAINED AND USED IN THE BUSINESS	462,849,796	439,159,846
TOTAL SHAREHOLDERS' INVESTMENT	768,574,129	742,577,779
	$1,020,692,871	$1,002,273,241

AUDITORS' REPORT TO THE SHAREHOLDERS OF IMPERIAL OIL LIMITED:

We have examined the Consolidated Balance Sheet of Imperial Oil Limited and its subsidiary companies as at December 31, 1964 and the Consolidated Statements of Earnings and Earnings Retained and Used in the Business for the year ended on that date and have obtained all the information and explanations we have required. Our examination was made in conformity with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the above Consolidated Balance Sheet and related Consolidated Statements of Earnings and Earnings Retained and Used in the Business are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1964 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.
Chartered Accountants

TORONTO, March 4, 1965.

Imperial Oil Limited and Subsidiary Companies

CONSOLIDATED STATEMENT OF EARNINGS for the years 1964 and 1963

	1964	1963
REVENUES		
Sales and other operating revenues	$1,064,744,002	$1,001,150,194
Investment and other income	16,290,371	14,083,684
	1,081,034,373	1,015,233,878
EXPENSES		
Crude oil, products and merchandise purchases	575,018,263	555,835,877
Operating, administrative and exploration expenses	289,103,887	259,349,539
Depreciation and amortization	48,856,756	47,063,977
Income taxes	36,978,817	40,029,786
Taxes, other than income taxes	49,704,809	39,363,193
Interest and discount on long-term debt	2,299,777	2,503,360
	1,001,962,309	944,145,732
EARNINGS for the year	$ 79,072,064	$ 71,088,146
Per share	$2.50	$2.25

CONSOLIDATED STATEMENT OF EARNINGS RETAINED AND USED IN THE BUSINESS for the years 1964 and 1963

	1964	1963
Balance at beginning of year	$ 439,159,846	$ 409,160,335
Add: Earnings for the year	79,072,064	71,088,146
Gain on disposal of natural gas storage properties and facilities.		7,905,362
	518,231,910	488,153,843
Deduct: Dividends paid	55,382,114	48,993,997
Balance at end of year	$ 462,849,796	$ 439,159,846

The Notes to the Financial Statements on page 29 are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

CONTINGENCIES AND COMMITMENTS

To ensure the transportation of crude oil to its refineries and other markets, the company is a party to agreements under which it is obligated to protect certain principal and interest payments required to be made by various crude oil pipe line companies. The outstanding long-term indebtedness of those companies at December 31, 1964 for which the company is contingently obligated amounts to $28,257,839 payable in Canadian funds plus $33,158,465 payable in United States funds. The pipe line companies are meeting their obligations as they fall due and present indications are that they will continue to do so.

Guarantees, chiefly principal and interest on borrowings of others, amounted to $4,045,730 at December 31, 1964.

Tanker charter hire and other rentals payable by the companies under long-term agreements approximate $2,800,000 annually.

While the companies are involved in litigation incident to the nature of their business, it is impossible to ascertain what, if any, payments will have to be made in respect of such litigation. However, any amounts which the companies may be called upon to pay and any assets, the title to which may be in question as a result of current litigation, will not be materially important in relation to the total assets of the companies.

LONG-TERM DEBT at December 31, 1964 and 1963

	1964	1963
Imperial Oil Limited		
3% Sinking Fund Debentures, 1949 Issue, maturing December 15, 1969	$26,100,000	$27,900,000
Sinking Fund Requirements: $1,100,000 in 1966 and $2,500,000 in each of the years 1967 and 1968		
3⅝% Serial Debentures, 1955 Issue, maturing February 1, 1965	1,500,000	3,000,000
3⅝% Sinking Fund Debentures, 1955 Issue, maturing February 1, 1975	38,000,000	40,000,000
Sinking Fund Requirements: $2,000,000—in each of the years 1967 to 1970 inclusive $2,500,000—in each of the years 1971 to 1974 inclusive		
	$65,600,000	$70,900,000
Amount due within one year	1,500,000	1,500,000
	$64,100,000	$69,400,000

INCOME TAXES

It is the policy of the companies to make charges against earnings for depreciation and amortization of property, plant and equipment based on the estimated service life of the assets by either the straight line or unit of production method but maximum allowances are claimed for income tax purposes. During the year 1964, the companies claimed capital cost allowances and allowances in respect of proven acreage acquisitions in excess of the related charges for depreciation and amortization. The income tax related to this excess, amounting to $6,733,474, has been included in "Deferred Income Taxes" to be taken into earnings of future years when amounts allowable for income tax purposes are less than the related depreciation and amortization recorded in the accounts.

Imperial carries on operations in all phases of the complex petroleum and petrochemical industry and the related income tax interpretations, legislation and regulations are continually changing. As a result there are usually some tax matters in question, sometimes for large amounts. The companies have made what they believe are adequate provisions for income taxes payable.

CAPITAL STOCK

The Incentive Stock Option Plan (1959) provides for the granting of options to employees to purchase not more than 450,000 shares at not less than 95 per cent of the market price on the date of option. In 1964 the company issued 57,660 shares for $2,306,400 under the terms of this Plan, and options for 362,775 shares were outstanding at December 31, 1964.

SALARIES OF EXECUTIVE OFFICERS AND COUNSEL FEES

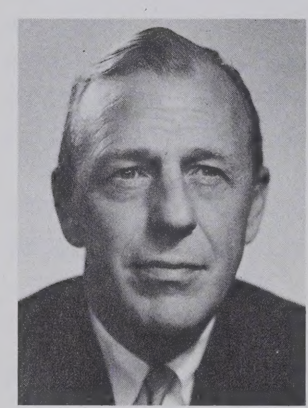
The total amount deducted in the Consolidated Statement of Earnings in respect of salaries and other remuneration paid to counsel, solicitors and executive officers, including all salaried directors, was $1,076,709 for 1964.

TEN YEAR SUMMARY

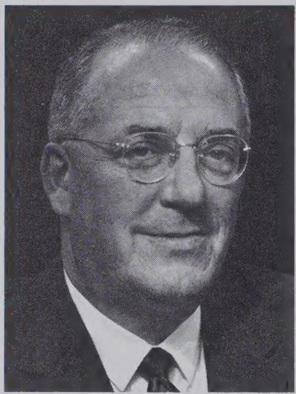
	1964*	1963
FINANCIAL		
Revenues from operations and investments	$1,081,034,000	1,015,234,000
Less: Expenses excluding depreciation and amortization	$ 916,126,000	857,052,000
Income taxes	$ 36,979,000	40,030,000
Net flow of funds from operations	$ 127,929,000	118,152,000
Per share	*$ 4.04*	*3.74*
Less: Depreciation and amortization	$ 48,857,000	47,064,000
Earnings for the year	$ 79,072,000	71,088,000
Per share	*$ 2.50*	*2.25*
Earnings as a percentage of revenues	*7.3*	*7.0*
Dividends paid	$ 55,382,000	48,994,000
Per share	*$ 1.75*	*1.55*
As a percentage of earnings	*70*	*69*
Current assets	$ 380,372,000	388,862,000
Less: Current liabilities	$ 116,275,000	125,093,000
Working capital	$ 264,097,000	263,769,000
Ratio of current assets to current liabilities	*3.3*	*3.1*
Property, plant and equipment less accumulated depreciation and amortization	$ 562,693,000	545,090,000
Long term accounts receivable, investments and other assets	$ 77,628,000	68,322,000
Capital employed	$ 904,418,000	877,181,000
Earnings as a percentage of capital employed at January 1	*9.0*	*8.4*
Less: Long-term debt	$ 64,100,000	69,400,000
Other liabilities and deferred income taxes	$ 71,744,000	65,203,000
Balance—being shareholders' investment at book value	$ 768,574,000	742,578,000
Per share	*$ 24.27*	*23.49*
Earnings as a percentage of shareholders' investment at January 1	*10.6*	*10.0*
Number of shares issued and outstanding	31,669,000	31,611,000
Number of shareholders	40,924	42,057
Capital expenditures	$ 71,608,000	52,515,000
Exploration expenditures	$ 28,271,000	27,731,000
OPERATING		
Petroleum and chemical product sales ... barrels per day	342,000	327,000
Crude oil processed at refineries ... barrels per day	314,000	319,000
Crude oil and natural gas liquids production—gross ... barrels per day	131,000	126,000
—net after royalties and oil payments ... barrels per day	114,000	109,000
Natural gas production—gross ... M.C.F. per day	188,000	185,000
—net after royalties ... M.C.F. per day	160,000	159,000
Number of employees at year-end	13,623	11,998

*1964 data includes operations of Building Products of Canada Limited from June 1.

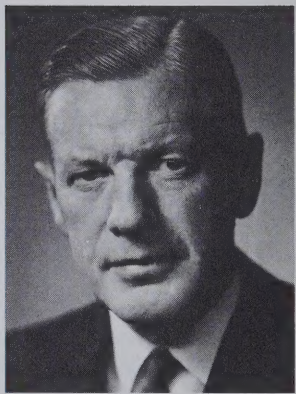
1962	1961	1960	1959	1958	1957	1956	1955
977,947,000	907,806,000	873,615,000	866,798,000	838,775,000	884,569,000	837,373,000	700,275,000
818,060,000	747,653,000	721,010,000	727,323,000	711,942,000	720,579,000	681,008,000	560,135,000
43,220,000	46,653,000	46,081,000	41,237,000	31,293,000	52,366,000	49,781,000	44,321,000
116,667,000	113,500,000	106,524,000	98,238,000	95,540,000	111,624,000	106,584,000	95,819,000
3.69	*3.59*	*3.39*	*3.12*	*3.04*	*3.55*	*3.39*	*3.21*
48,234,000	45,668,000	45,322,000	43,713,000	44,920,000	39,543,000	37,485,000	33,674,000
68,433,000	67,832,000	61,202,000	54,525,000	50,620,000	72,081,000	69,099,000	62,145,000
2.16	*2.14*	*1.94*	*1.73*	*1.61*	*2.29*	*2.20*	*2.08*
7.0	*7.5*	*7.0*	*6.3*	*6.0*	*8.1*	*8.3*	*8.9*
44,248,000	44,151,000	42,474,000	37,752,000	37,736,000	37,728,000	35,890,000	28,366,000
1.40	*1.40*	*1.35*	*1.20*	*1.20*	*1.20*	*1.20*	*.95*
65	*65*	*69*	*69*	*75*	*52*	*52*	*46*
350,786,000	335,848,000	318,007,000	319,802,000	318,416,000	322,675,000	365,674,000	299,309,000
102,346,000	106,562,000	98,328,000	97,557,000	89,217,000	90,790,000	111,183,000	91,697,000
248,440,000	229,286,000	219,679,000	222,245,000	229,199,000	231,885,000	254,491,000	207,612,000
3.4	*3.2*	*3.2*	*3.3*	*3.6*	*3.6*	*3.3*	*3.3*
544,277,000	547,553,000	535,499,000	523,407,000	504,556,000	488,991,000	429,525,000	372,520,000
58,616,000	55,550,000	49,291,000	40,863,000	38,660,000	37,240,000	34,156,000	29,409,000
851,333,000	832,389,000	804,469,000	786,515,000	772,415,000	758,116,000	718,172,000	609,541,000
8.2	*8.4*	*7.8*	*7.1*	*6.7*	*10.0*	*11.3*	*11.9*
73,000,000	76,500,000	80,000,000	83,000,000	88,000,000	90,776,000	94,170,000	96,628,000
65,909,000	76,758,000	75,750,000	73,593,000	71,635,000	67,738,000	59,198,000	49,048,000
712,424,000	679,131,000	648,719,000	629,922,000	612,780,000	599,602,000	564,804,000	463,865,000
22.54	*21.49*	*20.62*	*20.02*	*19.48*	*19.07*	*17.97*	*15.53*
10.1	*10.5*	*9.7*	*8.9*	*8.4*	*12.8*	*14.9*	*14.5*
31,607,000	31,602,000	31,464,000	31,462,000	31,451,000	31,443,000	31,430,000	29,866,000
43,195	43,562	45,949	45,332	44,668	44,544	43,823	43,614
49,077,000	62,103,000	58,747,000	62,194,000	65,614,000	103,063,000	97,951,000	80,074,000
27,312,000	24,638,000	30,768,000	29,693,000	32,770,000	41,261,000	36,154,000	28,647,000
317,000	295,000	298,000	293,000	276,000	276,000	275,000	250,000
305,000	291,000	285,000	289,000	269,000	267,000	275,000	239,000
124,000	111,000	90,000	96,000	87,000	112,000	121,000	110,000
108,000	97,000	79,000	84,000	77,000	97,000	105,000	95,000
170,000	131,000	120,000	108,000	100,000	97,000	83,000	68,000
150,000	117,000	108,000	98,000	91,000	88,000	75,000	61,000
12,257	12,578	13,007	13,080	13,599	14,657	14,242	13,696



WILLIAM O. TWAITS: born in Galt, Ont., educated in Sarnia and at University of Toronto. Joined Imperial in 1933, elected a director in 1950, a vice-president in 1952, executive vice-president in 1956, president in 1960. Among many outside activities is member Economic Council of Canada, on board of governors University of Toronto, on board of regents Ottawa University, director Royal Bank of Canada.



L. D. FRASER: born in Ottawa, Ont. Joined Imperial in 1928. Served in a number of positions in marketing department in Quebec, Ontario, Manitoba and head office, appointed general manager of marketing in 1952, elected a director in 1957, a vice-president in 1960. Vice-president Canadian Arthritis and Rheumatism Society, director Trans Mountain Oil Pipe Line Company.

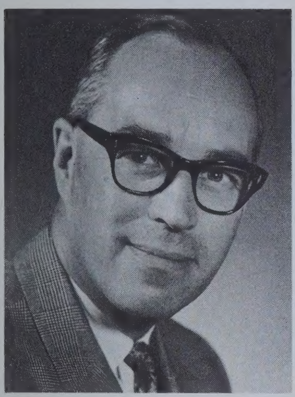


VERNON TAYLOR: native of Winnipeg, Man., graduate University of Manitoba. Joined Imperial in 1937, became manager western producing division in 1955, elected a director in 1958, a vice-president in 1960. Member of the board Alcoholism and Drug Addiction Research Foundation, and of board of trustees Metropolitan Toronto United Appeal.

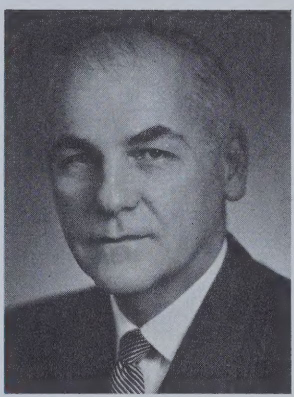
J. A. COGAN: born in Canon City, Colorado, graduate Colorado College and Massachusetts Institute of Technology. Joined Imperial in 1954 after 22 years' service with affiliated companies, elected a director in 1956, a vice-president in 1957. Chairman Industrial Research Committee of the Ontario Economic Council, member National Research Council's Advisory Committee on Industrial Research, director Toronto Symphony Orchestra.

TREVOR F. MOORE: born in England, graduate University of Toronto. Joined Imperial in 1950, elected a director later that year, a vice-president in 1953. A director of Interprovincial Pipe Line Company and Montreal Trust Company, is active also in number of associations. Currently member Canada Council, vice-president board of governors Toronto Western Hospital, director Boys' Clubs of Canada.

J. A. ARMSTRONG: born in Dauphin, Man., graduate University of Manitoba and Queen's University. Joined Imperial's producing department in 1940. After experience in western Canada, South America and the United States, became general manager of the producing department in 1960, was elected a director in 1961.

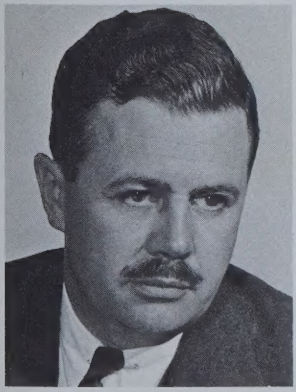


DOUGLAS H. COOPER: born in Montreal, Que., graduate McGill University. Joined Imperial in 1937. After serving in Montreal, Regina, head office, became general manager marketing in 1961, elected a director in 1963. Among outside interests, is director Interprovincial Pipe Line Company and Canadian Tourist Association.

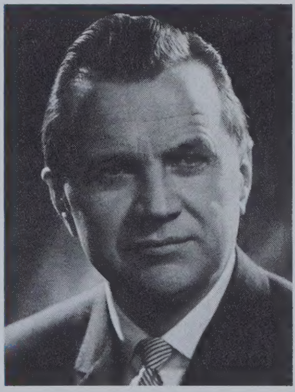


ALAN C. HARROP: born in Niagara Falls, Ont., graduate University of Toronto. Joined Imperial in 1925. After service with International Petroleum Company and Imperial's manufacturing department, became manager employee relations department in 1951, elected a director in 1958. Among outside interests is a director Canadian Standards Association.

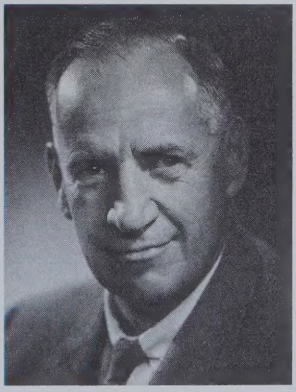
RONALD S. RITCHIE: born near Chatham, Ont., graduate University of Western Ontario and Queen's University. Joined Imperial in 1947, appointed executive assistant to the board in 1962, elected a director in 1963. Among many outside interests is member of National Executive Council Canadian Chamber of Commerce and of Canadian Institute of International Affairs, chairman National Agency Review Committee, Canadian Welfare Council.



JOHN W. HAMILTON: born in Picton, Ont., graduate Royal Military College and Osgoode Hall. Joined Imperial in 1938, became manager law department and general counsel in 1950. Named a King's Counsel, elected an Imperial director, in 1952. Director of Wellesley Hospital, Toronto, Princess Margaret Hospital, Toronto, Art Gallery of Toronto, Interprovincial Pipe Line Company, Trans Mountain Oil Pipe Line Company.



G. T. PIERCY: native of Eau Claire, Wisconsin, graduate University of Minnesota. Joined Standard Oil Co. of Louisiana in 1938, transferred to Standard Oil Co. (N.J.) in 1958. Came to Imperial in 1963 as executive assistant to the board, elected a director in 1964.



DWIGHT S. SIMMONS: born in Sarnia, Ont., graduate Queen's University. Joined the company in 1932, became general manager manufacturing department in 1954, elected a director in 1960. Member of number of community and professional associations, currently chairman board of governors Ryerson Polytechnical Institute, Toronto.

SOME OF THE PRODUCTS available through Imperial Esso dealers are shown here. They give a small indication of the range of products Imperial markets today. The company is Canada's largest supplier of energy, and Esso gasolines, fuel oils, diesel fuels and other energy products provide power and heat for everything from chain saws to blast furnaces. Imperial's lubricating oil plants manufacture more than 500 oils and greases for the motors and machines of the country.

In the petrochemical field, the company's $47,000,000 complex at Sarnia produces more than 30 chemical products, from alkylates to xylenes, that enter into a host of things Canadians use every day at home and at work. Its new subsidiaries manufacture and market plastic containers and a wide range of building products.

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